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Long Distance

February 15, 2008

Ex Parte

Ms. Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

Re: *Federal State Board on Universal Service, High Cost Universal Service Support, WC Docket No. 05-337, CC Docket No. 96-45*

Dear Ms. Dortch:

TelAlaska respectfully responds to the ex parte filed by General Communications, Inc. ("GCI") in the above-referenced proceeding dated February 11, 2008. GCI's February 11 filing is intended to bolster its proposal for an exemption from any interim cap on high cost universal service support that the Federal Communications Commission ("FCC") might implement to curtail the exponential growth in demand on the Universal Service Fund. If the Commission investigates the underlying facts addressed by GCI's filing, however, it will become apparent that the Alaska Telephone Association (the "A.T.A.") was correct when it recently characterized GCI's proposed exemption as "blatantly self-serving."[1]

The debate before the Commission regarding GCI's exemption proposal has predominantly been conducted by two carriers with competing business agendas: GCI and ACS. The GCI February 11 filing is, in fact, GCI's attempt to rebut a February 4, 2008, ex parte filing by ACS. TelAlaska is concerned that the very real underlying policy concerns regarding both the growth of the USF and the utilization of the USF may be overlooked in the "he said – she said" cross fire between GCI and ACS.

Of equal importance is our concern, and the concern expressed by the A.T.A., that the legitimate needs of Alaskans for universal service funding may be misused as a basis for the adoption of carve out language that will essentially protect only one Alaskan company and its shareholders, GCI. The issues raised by GCI's proposal raise significant factual issues regarding service in Alaska's rural areas. The ACS ex partes provide its view of the deficiencies in the GCI proposal and ACS offers its own alternative proposed exemption.

From the perspective of TelAlaska and other smaller rural carriers, both GCI and ACS may be wrong. The focus of any FCC inquiry and any resulting potential exceptions to a USF cap, however, should not be on ACS and GCI, but

[1] Ex Parte Letter to Ms. Marlene H. Dortch, Secretary of the FCC from Jim Rowe, Executive Director of the Alaska Telephone Association, transmitted February 12, 2008 in this proceeding.

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on what is right for Alaskans and the overall public interest. If the FCC proceeds with an interim USF cap to address its concerns with the unbridled growth of the USF resulting from the rightfully discredited "identical support" system for funding competitive ETCs, the Commission should, at minimum, ensure that any exemptions it adopts to the cap do not ironically undermine the very concerns and policy objectives that require the cap.

Adoption of the GCI proposed exemption from a USF cap, however, would have exactly that perverse result. GCI essentially seeks an exemption from the proposed USF cap to enable GCI to perpetuate and benefit economically from the "identical support" system for determining competitive ETC support. In GCI's own words from its February 12 Ex Parte, "GCI has sought a limited, competitively neutral exclusion to permit uncapped support at the existing per line rate at the time of payment, limited for residential and single line business accounts to one payment per account."

In every instance where the Commission has recently imposed USF caps on individual companies in conjunction with approvals of transactions sought by each company, the FCC has offered an alternative to enable the company the opportunity to overcome the USF cap. Instead of allowing perpetuation of the identical support rule, the Commission has permitted each capped carrier the opportunity to demonstrate that the removal of its cap is warranted by a demonstration of its company-specific costs. TelAlaska respectfully suggests that there is no basis in fact, law or public interest to permit GCI or any carrier an exemption from a USF cap that does not entail their demonstration of their total costs.

GCI undoubtedly wants to pursue its proposed carve out because it knows that its own access to USF may otherwise be limited as a result of its acquisition of interests in Alaska Digital. That transaction is pending before the FCC, and GCI is probably concerned that the FCC will impose a cap on its USF that is similar to the more recent caps the FCC has imposed in its approval of transactions involving AllTel and AT&T.

The imposition of USF caps in the course of FCC approval of a transaction is not a new regulatory device, and it should not come as a surprise to GCI. These individual caps result from the FCC's concern with ensuring that acquisitions are not funded by future USF draws. No reason exists for GCI to be treated differently under the guise of protections for Alaskans.

To the extent that GCI or any competitive ETC has legitimate needs that would be harmed by imposition of a USF cap, those concerns can be addressed by application of the very course that the FCC has already established – demonstration of the carrier's costs to support its need for additional USF. TelAlaska respectfully urges the Commission not to adopt the GCI proposed exemption to a USF cap. An exemption that helps only GCI, but does not help all Alaskans, is not a result that will serve the public interest.

Very truly yours,

Jack H. Rhyner
President and CEO
TelAlaska

cc: Senator Ted Stevens